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Wagner will not admit that it is a choice between the industrial and agrarian policy, but a question of equilibrium of interests. Hitherto the system of manufactures and commerce has been favored at the expense of agriculture; great fortunes have been made in cities and laborers have been attracted away from the country to degenerate in crowded dwellings. The time may come, at this rate, when Germany, exposed by war, will not be able to provide food for its people; or, beaten out of the world's market will have no outlet for its industries. The remedy is, high tariff on imported grain and meat, so that prices will rise, farming become profitable, capital and labor flow to rural pursuits, and equilibrium be established. Dr. Schäffle, the veteran economist and politician, concentrates his attack on the positions of Professor Wagner. He contends that the new tariff would, by raising prices of food, lower the conditions of life for all classes; that the Agrarians have no sufficient ground for hoping that the advance in prices will fill their pockets; that at best, only the richer landlords could gain any advantage, and that these gentlemen are not suffering but prosperous; that the farmers who are burdened with debt would not be relieved; that there are better and wiser measures for helping agriculture, such as organization of credit; that this measure, since it will increase the cost of living in cities, will arouse bitter partisan and class hostilities and lead to profound constitutional changes; and that, in the negotiation of commercial treaties, this tariff will erect unsurmountable obstacles and excite relentless retaliation.

Apparently the central point on which both writers agree is in a certain hate and dread of the vast industrial and commercial organizations which now characterize American economic life, and which they think to be as dangerous to America as to the peace and prosperity of European peoples, unless they can be brought under some sort of control by public opinion and social regulation.

C. R. HENDERSON.

AGRICULTURAL COMPETITION AND GERMAN POLICY.

Two pamphlets have come to hand devoted to the same problem, which has of late years been agitating the public mind in Germany, How to deal with foreign competition in agriculture?¹ The subject is

¹ *Die internationale landwirtschaftliche Konkurrenz: Ein kapitalistisches Problem.* By DR. GUSTAV RUHLAND. (Berlin: Ernst Hofmann & Co., 1901.)

Die Industrialisierung der Landwirtschaft. Nebst einer Antwort auf die Frage: Brotzoll oder Handelsverträge. By DR. NIEMETZKI. (Berlin: Ernst Hofmann & Co., 1901.)

treated however, by the writers, from diametrically opposite points of view. Professor Ruhland is at the same time director of the *Internationale Bureau zur Regulierung der Getreidepreise*, and editor of its monthly publication, where this pamphlet originally appeared in serial form. The pamphlet betrays on every page the animus of the German Agrarian party. His cardinal idea is "that an advancing civilization is incompatible with declining prices of cereals" (p. 4). But since the middle of the nineteenth century the competition of the United States and in the last decade of that century the competition of Argentina, have depressed the price of wheat in the European markets, and now the threatened competition of Mesopotamian farming is looming up as a new disturbing factor in the forward march of civilization — presumably, of German civilization.

To those who might incline to the belief that the opening up of new countries is a natural process, the author's answer is, that "it can be considered natural only in that sense in which all phenomena resulting in death are also something natural" (*ibid.*). To him, on the contrary, the growth of the "wild West," the colonization of the pampas of Argentina and the latest efforts to develop agriculture in Mesopotamia, are merely the fateful outcome of the unbridled license of scheming banking speculators. All great industrial crises of the last half century were at bottom agricultural crises, due in the last analysis to "misuse of depositors' money" (p. 5).

The great banks have in modern times become "the directing force of the enterprise of nations;" the sentence is quoted as a confession, as it were, coming from a director of the German bank (p. 32). The banks have manipulated the rate of interest with a view to directing European investment into the channels of foreign speculation. The rate of interest was artificially reduced at home, while high dividends from foreign railroad and other speculative schemes, financed by the banks, were held out as an attraction to the domestic investor. The public took the bait, railroads were built in the western states and in Argentina, new farming regions were opened up; overspeculation and overproduction of wheat followed; then came the inevitable crash. The inflated values were wiped out overnight, the banks were enabled to buy up the depreciated securities for a song, while billions of marks were irreparably lost to the credulous public. This scheming became possible through the unrestricted use of depositors' moneys for promoting purposes. The first bank of this new type, the

French Crédit Mobilier, was organized in 1852, by "the Portuguese Jews Isaac and Emile Péreire;" the former in his first business report to the stockholders, at the general meeting of 29th April, 1854, originated the view — later espoused by director v. Siemens, of the German Bank, "that the bank ought to direct capital seeking productive investment" (p. 48). This policy which has found expression in the practical workings of "promoting banks (*Gründerbanken*), threatens the foundations of our modern social order." That no objection to its "eminently anti-social effects" is raised by the Socialists, "is due perhaps to the fact that the organizers of the first of these banks, viz.: Isaac and Emile Péreire, came from the Saint-Simonist school of Socialism" (pp. 50-51). It may be mentioned by way of annotation, that the Socialist party in the Reichstag is outspoken in its opposition to the policy of the Agrarians.

Among the "anti-social effects" of speculative banking is the chronic price depression in the produce market. "How then can these agricultural price crises be prevented? Very generally speaking, by preventing the rush of large blocks of domestic capital for investment abroad" (p. 51). The author would have the issue of bank notes so regulated that they should serve only to satisfy the domestic demand; "every foreign demand for bank notes should, as far as possible, be discouraged." The same principle should be applied to bank deposits, which "must at last be reserved for the productive needs of the national middle class" (p. 52).

Today the German Bank forms the center of a network of syndicates controlling a capital of 2,400 million marks. If things are allowed to drift as they do, Professor Ruhland calculates that

By the end of the year 1968 all private property in Germany will have come under the domination of the banks, even if the value of that property should be equal to a massive gold plate, as large as the German Empire and 10 centimeters thick; this gives a value of 2,910,400 billion marks (p. 54).

Professor Ruhland believes that this would be a highly exaggerated estimate of the value of private property in Germany even for the year 1968.

To wrest this power from the banks, it is imperatively necessary to divert from them the flow of private deposits. For this purpose the great national banks, the German Imperial Bank, the Bank of England, and the Bank of France, ought to pay a small rate of interest on deposits, instead of accepting them, as they do, without interest. "If

the German Imperial Bank would allow a proper rate of interest [*eine angemessene Verzinsung*] on deposits, then by far the larger part of the 3.5 billions (now with private banks) would soon rapidly accumulate in its vaults" (p. 55). This money should then be loaned out to the co-operative credit associations of the middle class. To do this, would require a reorganization of the Imperial Bank, which is now governed by a board composed of the leading financiers of the country. This would have to be changed, and appointments to the board should be made from among "representatives of credit associations in city and country" (p. 57). This would necessitate the withdrawal of all outstanding stock of the Imperial Bank, after which "the new shares would have to be issued only to German associations." It is true that, under the law now in force, it could not be done before 1911, without infringing the vested rights of the stockholders. But as no right-minded man would hesitate to trespass upon private property, if necessary to prevent a railway accident, "so are likewise the rights of the actual shareholders of the Imperial Bank no obstacle to doing all that is necessary to prevent the threatened competition of Anatolia and Mesopotamia and to save the middle class in city and country" (p. 58).

There might be some room for doubt whether this legislation, though effective, perhaps, in keeping all bank deposits at home, could compel the investor to make his savings available for the use of the German *Junker*, so long as the stock exchange offers ample opportunities for investment, at least equally safe and profitable.

To save the public from the evils of speculation in stocks, the author would have the stock corporation law so amended as to convert the stock certificate into a species of negotiable paper, transferable by indorsement, with full liability of every indorser for depreciation.

It might be objected that, with such regulations no one would dream any longer of organizing his business into a stock company. So much the better! The extension of stock corporations, which has of late years become epidemic, is certainly not in the interests of a national middle-class policy (p. 60).

The identity of this "middle-class policy" with a "national" policy may not appear conclusive to the outsider. Its justification, according to Professor Ruhland, is in the fact that

The landlords of Central Europe have to compete against perennially—bankrupt management, not against normally cheaper cost of production. To demand of our landlords that they should reduce their cost of production so as to adapt themselves to the effects of foreign competition upon prices, is

tantamount to demanding that honest toil should learn to sell its wares as cheap as the swindler and bankrupt (Preface, p. 6).

This proposition is very ably contested by Dr. Njemetzki. German agriculture, he maintains, is merely following the course of development which older industrial nations, England and Belgium, have gone through before. Germany has now reached that stage when cultivation of breadstuffs becomes unprofitable. Industrial growth is accompanied by rising land values. The German farmer cannot successfully raise wheat for the market on land which ranges in value from 341 to 3,240 marks per hectar, while it can be grown in Argentina on good land which is valued at 60 marks per hectar.

It is more economical to import breadstuffs and to put the farm land under more intensive forms of cultivation. Truck, dairy, or poultry farming, and, generally, "industrial farming," as the author terms it, will pay better than extending the area of the cereal crops to barren soils as practiced by the landlords. The author reviews at length the progress accomplished along these lines by other countries, and lays especial stress upon the connection between the development of industrial farming and the growth of co-operation in agriculture.

The small farmer, with his limited resources, confronted with the problem of intensive agriculture, found a practical solution in co-operation. The co-operative movement among farmers, which scarcely had any existence before the last decade of the century just closed, has rapidly grown to be a factor in modern industrial development.

Co-operation in farming is at its highest in Denmark. There are in that country today 1,025 co-operative dairies, with an aggregate membership of 126,080; this represents a majority of all the dairies; taken in proportion to the population, it means one co-operator in every four householders; the ratio would appear still higher if the comparison were made with the farming population alone. In addition to that there are 25 co-operative slaughterhouses, with an aggregate membership of 54,000, the ratio to the population being one co-operator in every nine householders. The average membership is 123 for a co-operative dairy and 2,160 for a co-operative slaughterhouse. The economic effects of co-operation are seen in the fact that the population of Denmark, which had fallen from 2.5 millions in 1800 to barely one million in 1865, has since increased to 2.5 millions. Today Denmark has undivided control of the London market for

dairy products. There is hardly a dairy to be found which is not supplied with separators and refrigerating apparatus; most of them have put in electric plants. In their further efforts to extend their business, by turning out butter of the highest quality at the lowest cost and to secure the best price in the market, the co-operative societies have taken steps toward consolidation. A number of dairies ship their product in an unfinished state to the Danish seaport Ejsberg, where the last processes of butter-making are conducted on a large scale. Farming has thus undergone a differentiating process: the farm still continues to supply the milk, but the manufacture and sale of dairy products has developed into a separate industry, carried on by factory concerns. The present prosperity of Danish agriculture is, according to the author, due to co-operation, as much as to the application of scientific technical methods.

The progress of agricultural co-operation in the other Scandinavian countries, in Finland, and in Belgium, also deserves notice. In Ireland the first co-operative dairy was organized in 1889 with 50 members; on March 31, 1899, there were in all 374 co-operative agricultural associations, with an aggregate membership of 36,683. The growth of the co-operative movement among farmers in Germany is shown in the following table:

Year.	Number of co-operative associations.
1893	4,979
1894	6,031
1895	7,170
1896	8,986
1897	10,669
1898	11,839
1899	12,736
1900	13,636

The aggregate membership of all agricultural co-operative associations on March 31, 1900, numbered 576,140, or an average of 42 members to an association. In proportion to the population of Germany there was one co-operator in every sixteen householders, or, as estimated by the author, 10 per cent. of the entire farming population was connected with co-operative societies. One of the leading tendencies of these associations is the elimination of the middleman. The peasant carries his milk to his co-operative dairy, where it is made into butter and put directly on the market; the same practice is followed by the peasant co-operative flour mills and bakeries, vegetable selling agencies, etc.

The progress of agricultural co-operation in Germany has far outrun all other forms of co-operation, so that today the co-operative movement is there essentially a peasant movement. This is shown by the following figures:

Year.	Per cent. farming associations of all co-operative associations.
1893 - - - - -	58
1894 - - - - -	64
1895 - - - - -	68
1896 - - - - -	72
1897 - - - - -	75
1898 - - - - -	76
1899 - - - - -	77
1900 - - - - -	80

While the great landlords have directed all their efforts toward the development of extensive agriculture, the progress of intensive agriculture in Germany must be credited chiefly to co-operative organization. The hope for further improvement is in the extension of the co-operative principle, as well as in the adoption of more intensive methods and the application of technical science to agriculture.

The author deprecates the "agrarian" policy, which encourages the growing of breadstuffs in Germany, as antiquated and designed to further the interests of a few landlords consisting of but 0.5 per cent. of the German people, at the expense of the remaining 99.5 per cent. Germany will gradually cease to export raw materials; she will become an importer of raw material and exporter of manufactured articles. A rational policy accordingly requires commercial treaties with those nations which can supply Germany with raw materials and offer a market for German manufactures, primarily with the United States and Russia. The production of raw materials will be gradually left to outlying sparsely-populated territories. To secure to herself a base of supply independent of the policies of foreign nations, Germany must build up a colonial empire. The colonial policies of nations were formerly dictated by dynastic considerations. That day is past. All politics have become industrial politics. The foreign policy of a modern nation is essentially the economic policy of the people. This is the substance of British imperialism. Germany, with her population increasing at the rate of 800,000 annually, must adopt the principles of British imperialism.

I. A. HOURWICH.